

AMENDMENT #2

OFFERED IN THE HOUSE

BY REPRESENTATIVE KAWASAKI

TO: CSHB 284(FIN)

Gardner

Tuck

MILLER

Petersen

Gow

[Handwritten signature]

1 Page 33, following line 15:

2 Insert new material to read:

	"APPROPRIATION	GENERAL	OTHER
	ALLOCATIONS	ITEMS	FUNDS
5 Alaska Natural Gas		436,700	326,700
6 Development Authority			110,000
7 ANGDA Operations	436,700"		

9 Adjust fund sources and totals accordingly.

STATE OF ALASKA

ALASKA NATURAL GAS DEVELOPMENT AUTHORITY

SEAN PARNELL, GOVERNOR

411 WEST 4th AVENUE, FIRST FLOOR
ANCHORAGE, ALASKA 99501

TELEPHONE: (907) 269-6501

Noah,

Here is the information you requested on ANGDA and the reinstatement of FY13 funding. The House Finance subcommittee (Revenue) asked ANGDA to comment on the FY13 budget request, the 2010 LB&A Audit Recommendations and ANGDA's success in its mission. This was extracted from what I submitted to Rep. Fairclough.

1. FY13 Budget Request

ANGDA has been allocated \$326,700 with an additional \$110,000 in funding authority in the Governor's FY13 Operating Budget bill. In an effort to reduce costs, ANGDA staff did not fill one vacant position in FY12. The publications specialist position has been eliminated and we now have authorization to maintain three staff members in FY13. ANGDA currently has two filled positions and one vacant position.

If ANGDA receives the \$326,700 with the additional authorized funding, ANGDA will be able to continue in its role as a shipper in the Alaska Pipeline Project's Open Season and continue its work to provide rural Alaskans with low cost, clean burning energy through propane.

ANGDA has approximately \$150,000 in capital funding available through the end of FY12.

2. ANGDA's Success in our Mission

- ANGDA has a conditional right-of-way between Palmer and Glennallen which will be used for a spurline connector to an instate pipeline or APP project.
- ANGDA completed the required wetlands study, conceptual design study, and the route delineation to the Draft EIS (DEIS) stage on a bidirectional pipeline between the Beluga gas fields and Fairbanks (B2F). The DEIS was suspended and could be picked up at any time for progress towards an FEIS.
- ANGDA secured status as a shipper in TransCanada's Alaska Pipeline Project, and per our mission (AS 41.41) that status will provide the **lowest gas pipeline tariff rates possible** to Alaska Railbelt consumers. ANGDA's participation in the APP Open Season has effectively secured a 30% discount over other entrants that may come into the project at a future date.

We are currently working with the Alaska Pipeline Project (APP) and the AG's office to ensure that this bid can be transferred to AGDC/ANGDA under the AHFC Board. APP views the Bullet line as a competitor. We hope to have an opinion on this issue by early next week. This bid must be protected to maintain that option for Alaskan consumers.

- **ANGDA has been working with private sector companies, Native corporations, and rural communities on the North Slope Propane Project. This project is an excellent example of how government and the private sector can work together to provide energy solutions and local economic impact. As part of our statewide view, ANGDA developed this project to benefit residents in Alaska that will not benefit from an instate gasline. Native corporations and communities along coastal Alaska are ready to move on this and are in great need. ANGDA could continue their work on this effort and have an alternative fuel available to rural Alaska as early as next winter. (see Mary Ann Pease's final report). Amerigas, Crowley are on board as well. The project is lacking support from the Legislature and Administration to access the 500 barrels of propane a day that are being currently reinjected.**

When, and if, the Alaska natural gas pipeline projects align, the APP shipper's status and the B2F and/or Spurline ROW work developed and secured by the ANGDA Board will become critical components to the successful delivery of natural gas to market.

Please call me with any questions.

Sincerely,

Kirsten Sikora

North Slope Propane Project (Mary Ann Pease)

- - Work on the national front with Propane has also accelerated. Many projects and opportunities are being focused on Alaska since Senator Murkowski actively supported propane and PERC (Propane Education and Research Council) in recent legislation before the Senate Energy Committee. The projects that are being proposed by PERC are funded at a substantial discount to the list price and these gensets are being made available to the rural communities. Just last week I forwarded 2 very attractive opportunities that the communities would be available to apply for if they so choose. It is through these collaborative efforts on the national front with Alaska that we are making communities aware of the programs should they choose to participate!

- There are still 2 Propane AutoGas Propane vehicles operating here in the state from ROUSH Clean tech and Ford - one is operating on the North Slope today and the other one has been with State DOT, the Municipality of Anchorage, transit fleets, CH2MHILL, Conam, and one is currently with Carlisle. Amerigas has been a very active participant in the propane consortium, as well as Surburban, Crowley, NANA, Northwest Arctic Borough, Tanana region, etc. The need to transfer contacts and information to these entities would be in the best interest of the state so the Propane discussion does not fall off a cliff. The need for a lead agency in the propane focus is also warranted! If ANGDA goes away there is not a clearly defined entity to continue this work and effort.

- The Alaska Energy Authority has done a great job focusing on renewable energy sources and hydro; however alternative energy that is understood and can be readily attained by the villages today in the form of Propane is not even on the list of available alternative energy. Whatever agency picks up the Propane discussion hopefully will consider propane a bridge fuel solution until a pipeline in whatever shape and size traverses our state and there are off take points as well as potential straddle plants for PROPANE.

- It is so important to have a promoter or marketer of the huge opportunity that exists for propanenot only for in state needs but also the huge export potential of C₃H₈. There are 80,000 potential barrels of propane available on the North Slope that could be utilized for export or in state needs now and most definitely when a pipeline is in place. ANGDA facilitated all the discussion on an in-state basis, as well as nationally. What lead agency do we have in the state to continue the positive and economic benefits of an Alaska Propane Project?